

FINANCIAL STATEMENTS
TOWNSHIP OF SULLIVAN
MUSKEGON COUNTY, MICHIGAN
MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name SULLIVAN TOWNSHIP	County MUSKEGON
Fiscal Year End 3/31/2005	Opinion Date 1/12/2007	Date Audit Report Submitted to State 1/30/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

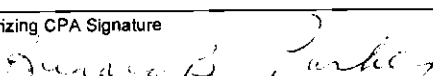
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RICHARD B. PARKER, CPA, PC		Telephone Number 231/893-3178	
Street Address 2264 EAST MEINERT		City HOLTON	State MI
Zip 49425			
Authorizing CPA Signature 	Printed Name RICHARD B. PARKER	License Number 10160	

SULLIVAN TOWNSHIP MUSKEGON COUNTY
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RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
(231)893-3178

Sullivan Township Board
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, Muskegon County, Michigan, as of and for the year ended March 31, 2005 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Sullivan Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, as of March 31, 2005 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11 the Township adopted the provisions of the Governmental Accounting Standards board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," as amended by GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues;" GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," as amended by GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures," as April 1, 2004.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sullivan Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Sullivan Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Richard B. Parkey

Certified Public Accountant

January 12, 2007
Holton, Michigan

SULLIVAN TOWNSHIP
Government-Wide Statement of Net Assets
March 31, 2005

Governmental
Activities

ASSETS

Current Assets -	
Cash and cash equivalents	\$608,454
Taxes receivable	6,362
Accounts receivable	26,346
Prepaid expenses	13,536
Noncurrent Assets -	
Capital assets, net of accumulated depreciation	<u>149,939</u>
 TOTAL ASSETS	 <u><u>\$804,637</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities -	
Accounts payable	\$ 4,145
Due to other fund	<u>2,000</u>
 TOTAL LIABILITIES	 <u>6,145</u>
Net Assets -	
Invested in capital assets, net of related debt	149,939
Restricted for	
Other purposes	130,812
Unrestricted	<u>517,741</u>
 TOTAL NET ASSETS	 <u><u>798,492</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$804,637</u></u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Government-Wide Statement of Activities
For the Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities			
Legislative	\$ 21,637	\$	\$(21,637)
General Government	108,954	17,148	(91,806)
Public safety	60,417	19,288	(41,129)
Public works	44,924	1,625	(43,299)
Recreation and culture	5,030		(5,030)
Other functions	<u>7,833</u>	<u></u>	<u>(7,833)</u>
Total Governmental Activities	<u>248,795</u>	<u>38,061</u>	<u>(210,734)</u>
General revenues			
Property taxes			54,992
State Shared revenues			171,463
Investment earnings			9,910
Other			<u>16,550</u>
Total General Revenues			<u>252,915</u>
Change in Net Assets			42,181
Net Assets - Beginning			<u>756,311</u>
Net Assets - Ending			<u>\$ 798,492</u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Balance Sheet
GOVERNMENTAL FUNDS
March 31, 2005

	General	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$475,194	\$133,260	\$608,454
Taxes receivable	6,217	145	6,362
Accounts receivable	26,346	-	26,346
Prepaid expenses	<u>13,536</u>	<u>-</u>	<u>13,536</u>
	<u>\$521,293</u>	<u>\$133,405</u>	<u>\$654,698</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 3,552	\$ 593	\$ 4,145
Due to other funds	<u>-</u>	<u>2,000</u>	<u>2,000</u>
TOTAL LIABILITIES	<u>3,552</u>	<u>2,593</u>	<u>6,145</u>
 FUND BALANCES:			
Unrestricted	517,741	-	517,741
Restricted	<u>-</u>	<u>130,812</u>	<u>130,812</u>
TOTAL FUND BALANCE	<u>517,741</u>	<u>130,812</u>	<u>648,553</u>
	<u>\$521,293</u>	<u>\$133,405</u>	<u>\$654,698</u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets
March 31, 2005

Total Governmental Fund Balances	\$648,553
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Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	315,277
Governmental accumulated depreciation	<u>(165,338)</u>

Net Assets of Governmental Activities	<u>\$798,492</u>
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The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and
Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2005

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes	\$ 52,781	\$ 2,211	\$ 54,992
Licenses and permits	19,288	-	19,288
State grants	171,463	-	171,463
Charges for services	17,148	-	17,148
Interest earned	9,673	237	9,910
Rent	-	1,625	1,625
Other revenue	<u>4,595</u>	<u>11,955</u>	<u>16,550</u>
TOTAL REVENUE	<u>274,948</u>	<u>16,028</u>	<u>290,976</u>
EXPENDITURES:			
Legislative	21,637	-	21,637
General government	80,699	23,109	103,808
Public safety	60,417	-	60,417
Public works	7,848	37,076	44,924
Recreation and cultural	-	5,030	5,030
Other functions	<u>7,833</u>	<u>-</u>	<u>7,833</u>
TOTAL EXPENDITURES	<u>178,434</u>	<u>65,215</u>	<u>243,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>96,514</u>	<u>(49,187)</u>	<u>47,327</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	-	65,000	65,000
Transfers to other funds	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	31,514	15,813	47,327
FUND BALANCE - APRIL 1, 2004	<u>486,227</u>	<u>114,999</u>	<u>601,226</u>
FUND BALANCE - MARCH 31, 2005	<u><u>\$517,741</u></u>	<u><u>\$130,812</u></u>	<u><u>\$648,553</u></u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended March 31, 2005

Net change in Fund balances - Total Governmental Funds	\$47,327
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	<u>(5,146)</u>
Change in Net Assets of Governmental Activities	<u>\$42,181</u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Statement of Net Assets
FIDUCIARY FUNDS
March 31, 2005

ASSETS

Cash	\$3,050
Due from other funds	<u>2,000</u>
	<u>\$5,050</u>

LIABILITIES

Accounts payable	\$4,000
Rent deposits	<u>1,050</u>
	<u>\$5,050</u>

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the township:

Reporting Entity

Sullivan Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The Township is a general law Township, and is governed by a 5 member board elected by the citizens of Sullivan Township. The board consists of the supervisor, clerk, treasurer and two trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as needed.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	25 years
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Long-Term Obligations

The Township has no long-term debt or other long-term obligations.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. There were no amendments to the original budget during the year ended March 31, 2005.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General -			
Legislative	\$20,530	\$21,637	\$ 1,107
Elections	500	2,339	1,839
Administration	30,250	32,223	1,973
Planning commission	2,000	4,059	2,059
Highway Improvement Fund	21,376	33,832	12,456

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

The Township Board has designated three banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At the year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	<u>\$608,454</u>	<u>\$3,050</u>	<u>\$611,504</u>

The breakdown between deposits and investments is as follows:

Bank deposits	\$611,454
Petty Cash and Cash on Hand	<u>50</u>
	<u>\$611,504</u>

The bank balance of the Township's deposits is \$684,508, of which \$300,000 is covered by Federal depository insurance.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1 on the taxable valuation of property located in the township as of the preceding December 31. The Township property taxes were levied and collectible on December 1, 2004. It is the policy of the Township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2004 taxable valuation of the Township amounted to \$50,037,253 on which ad valorem taxes of 1.0549 mills were levied for Township operating purposes, resulting in property tax revenue of \$52,781 during the fiscal year ended March 31, 2005. This amount is recognized in the General Fund financial statements as tax revenue.

NOTE 5 - RECEIVABLES

Accounts Receivable

Receivables as of the year-end for the Township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	<u>General Fund</u>
State Shared Revenue	\$26,346
Less: Allowance for uncollectibles	<u>-</u>
Net receivables	<u>\$26,346</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	<u>\$ 69,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,854</u>
Subtotal	<u>69,854</u>	<u>-</u>	<u>-</u>	<u>69,854</u>
Capital assets Being Depreciated				
Buildings and building improvements	<u>245,423</u>	<u>-</u>	<u>-</u>	<u>245,423</u>
Subtotal	<u>245,423</u>	<u>-</u>	<u>-</u>	<u>245,423</u>
Less Accumulated Depreciation for				
Buildings	<u>160,192</u>	<u>5,146</u>	<u>-</u>	<u>165,338</u>
Subtotal	<u>160,192</u>	<u>5,146</u>	<u>-</u>	<u>165,338</u>
Net Capital Assets Being Depreciated	<u>85,231</u>	<u>(5,146)</u>	<u>-</u>	<u>80,085</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$155,085</u>	<u>\$(5,146)</u>	<u>\$ -</u>	<u>\$149,939</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	<u>\$5,146</u>
Total Governmental Activities	<u>\$5,146</u>

SULLIVAN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
Trust and Agency	<u>\$2,000</u>	Highway Improvement	<u>\$2,000</u>

The operating transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ -	\$65,000
Building Operation and Maintenance	35,000	-
Parks and Recreation	<u>30,000</u>	<u>-</u>
TOTAL	<u>\$65,000</u>	<u>\$65,000</u>

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 - RETIREMENT PLAN

The Township's retirement plan is administered by Manufacturers Life Insurance Company. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The Township contributed varying amounts based on each employees annual salary. The amount contributed by the Township for the year ended March 31, 2005 was \$4,093. The amount contributed by the employees amounted to \$3,230. Total Township payroll for the year was approximately \$61,000 including approximately \$49,000 payroll covered by the plan. Employees become 100% vested in the Township's contributions immediately.

NOTE 10 - COMMON BANK ACCOUNT

The cash equity of each fund in the common bank account at March 31, 2005 is as follows:

<u>Fund</u>	<u>Balance</u>
General	\$ 59,057
Highway	21,216
Cemetery	8,420
Street Light	5,292
Forestry	32,112
Building Operation	23,108
Parks and Recreation	<u>23,366</u>
	<u>\$172,571</u>

NOTE 11 - CHANGES IN ACCOUNTING PRINCIPLE

Effective April 1, 2004 the Township implemented several new accounting standards issued by GASB:

Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions," as amended by Statement No. 36, "Recipient Reporting for Certain Shared Non-Exchange Revenues," which establishes standards for recording non-exchange transactions on the modified accrual and accrual basis of accounting.

Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments," as amended by Statement No. 37, "Basic Financial Statements-and Managements's Discussion and Analysis-for State and Local Governments Omnibus," which established new financial reporting standards for state and local governments. This statement requires a significant change in the financial reporting model used by local governments, eliminating account groups and utilizing the full accrual basis of accounting and the economic resources measurement focus.

Statement No. 38, "Certain Financial Statement Note Disclosures," which requires certain note disclosures when implementing GASB Statement No. 34. Also implemented was Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures."

REQUIRED SUPPLEMENTAL INFORMATION

SULLIVAN TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Taxes	\$ 49,000	\$ 52,781	\$ 3,781
Licenses and permits	8,771	19,288	10,517
State grants	164,000	171,463	7,463
Charges for services	13,800	17,148	3,348
Interest earned	800	9,673	8,873
Other revenue	<u>1,335</u>	<u>4,595</u>	<u>3,260</u>
TOTAL REVENUE	<u>237,706</u>	<u>274,948</u>	<u>37,242</u>
EXPENDITURES:			
Legislative	20,530	21,637	(1,107)
General government	77,950	80,699	(2,749)
Public safety	60,750	60,417	333
Public works	10,500	7,848	2,652
Other functions	9,100	7,833	1,267
Capital outlay	<u>1,200</u>	<u>-</u>	<u>1,200</u>
TOTAL EXPENDITURES	<u>180,030</u>	<u>178,434</u>	<u>1,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>57,676</u>	<u>96,514</u>	<u>38,838</u>
OTHER FINANCING SOURCES (USES):			
Transfer to other funds	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(7,324)	31,514	38,838
FUND BALANCE - APRIL 1, 2004	<u>486,227</u>	<u>486,227</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$478,903</u>	<u>\$517,741</u>	<u>\$38,838</u>

ADDITIONAL INFORMATION

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

Page 1

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
TAXES:			
Property taxes	\$ 49,000	\$ 52,781	\$ 3,781
LICENSES AND PERMITS	<u>8,771</u>	<u>19,288</u>	<u>10,517</u>
STATE GRANTS:			
State shared revenue	<u>164,006</u>	<u>171,463</u>	<u>7,463</u>
CHARGES FOR SERVICES:			
Administration fees	13,800	13,855	55
Summer tax collection reimbursement	<u>-</u>	<u>3,293</u>	<u>3,293</u>
	<u>13,800</u>	<u>17,148</u>	<u>3,348</u>
ZONING ADMINISTRATION	<u>1,200</u>	<u>3,850</u>	<u>2,650</u>
INTEREST INCOME	<u>800</u>	<u>9,673</u>	<u>8,873</u>
OTHER REVENUE:			
Miscellaneous	<u>135</u>	<u>745</u>	<u>610</u>
TOTAL REVENUES	<u>237,706</u>	<u>274,948</u>	<u>37,242</u>
LEGISLATIVE:			
Salaries	2,000	1,440	560
Professional services	5,330	6,991	(1,661)
Pride week	8,000	6,017	1,983
Printing and publishing	1,000	340	660
Dues	3,000	2,825	175
Miscellaneous	<u>1,200</u>	<u>4,024</u>	<u>(2,824)</u>
TOTAL LEGISLATIVE	<u>20,530</u>	<u>21,637</u>	<u>(1,107)</u>

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

Page 2

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salary	\$ 8,600	\$ 8,592	\$ 8
Transportation	<u>150</u>	<u>66</u>	<u>84</u>
	<u>8,750</u>	<u>8,658</u>	<u>92</u>
ELECTIONS -			
Salary	<u>500</u>	<u>2,339</u>	<u>(1,839)</u>
ASSESSOR -			
Professional services	19,000	19,057	(57)
Miscellaneous	<u>50</u>	<u>400</u>	<u>(350)</u>
	<u>19,050</u>	<u>19,457</u>	<u>(407)</u>
CLERK -			
Salaries	8,700	8,592	108
Transportation	<u>500</u>	<u>303</u>	<u>197</u>
	<u>9,200</u>	<u>8,895</u>	<u>305</u>
BOARD OF REVIEW -			
Salaries	<u>500</u>	<u>75</u>	<u>425</u>
TREASURER -			
Salaries	8,700	8,592	108
Transportation	<u>1,000</u>	<u>463</u>	<u>537</u>
	<u>9,700</u>	<u>9,055</u>	<u>645</u>
GENERAL ADMINISTRATION -			
Salaries	22,500	23,531	(1,031)
Transportation	150	51	99
Office expense	4,500	4,611	(111)
Data processing	600	809	(209)
Telephone	1,500	1,285	215
Miscellaneous	<u>1,000</u>	<u>1,933</u>	<u>(933)</u>
	<u>30,250</u>	<u>32,220</u>	<u>(1,970)</u>
TOTAL GENERAL GOVERNMENT	<u>77,950</u>	<u>80,699</u>	<u>(2,749)</u>

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

Page 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
PUBLIC SAFETY:			
FIRE -			
Contracted services	<u>\$ 54,000</u>	<u>\$ 53,493</u>	<u>\$ 507</u>
POLICE	<u>500</u>	<u>700</u>	<u>(200)</u>
INSPECTION DEPARTMENT -			
Salaries	<u>3,500</u>	<u>740</u>	<u>1,760</u>
PLANNING COMMISSION -			
Salaries	<u>2,000</u>	<u>4,059</u>	<u>(2,059)</u>
ZONING BOARD -			
Salaries	<u>750</u>	<u>425</u>	<u>325</u>
TOTAL PUBLIC SAFETY	<u>60,750</u>	<u>60,417</u>	<u>333</u>
PUBLIC WORKS:			
STREET LIGHTING -			
Utilities	<u>3,500</u>	<u>2,866</u>	<u>634</u>
OTHER	<u>7,000</u>	<u>4,982</u>	<u>2,018</u>
TOTAL PUBLIC WORKS	<u>10,500</u>	<u>7,848</u>	<u>2,652</u>
OTHER FUNCTIONS:			
Pension	4,500	4,093	407
Insurance and bonds	2,000	1,317	683
Payroll taxes	<u>2,600</u>	<u>2,423</u>	<u>177</u>
TOTAL OTHER FUNCTIONS	<u>9,100</u>	<u>7,833</u>	<u>1,267</u>
CAPITAL OUTLAY	<u>1,200</u>	<u>-</u>	<u>1,200</u>
TOTAL EXPENDITURES	<u>180,030</u>	<u>178,434</u>	<u>1,596</u>
EXCESS OF REVENUES OVER EXPENDITURES	57,676	96,514	38,838
OTHER FINANCING (USES):			
Transfer to other funds	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(7,324)	31,514	38,838
FUND BALANCE - APRIL 1, 2004	<u>486,227</u>	<u>486,227</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$478,903</u>	<u>\$517,741</u>	<u>\$38,838</u>

SULLIVAN TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
March 31, 2005

	<u>Building Operation and Maintenance</u>	<u>Cemetery</u>	<u>Forestry</u>	<u>Highway Improvement</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$40,786	\$8,420	\$32,112	\$21,216
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$40,786</u>	<u>\$8,420</u>	<u>\$32,112</u>	<u>\$21,216</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other fund	-	-	-	2,000
Fund Balance	<u>40,786</u>	<u>8,420</u>	<u>32,112</u>	<u>19,216</u>
	<u>\$40,786</u>	<u>\$8,420</u>	<u>\$32,112</u>	<u>\$21,216</u>

<u>Parks and Recreation</u>	<u>Street Light</u>	<u>TOTAL (memorandum only)</u>
\$23,366	\$7,360	\$133,260
<u>-</u>	<u>145</u>	<u>145</u>

<u>\$23,366</u>	<u>\$7,505</u>	<u>\$133,405</u>
-----------------	----------------	------------------

\$ -	\$ 593	\$ 593
-	-	2,000
<u>23,366</u>	<u>6,912</u>	<u>130,812</u>
<u>\$23,366</u>	<u>\$7,505</u>	<u>\$133,405</u>

SULLIVAN TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended March 31, 2005

	Building Operation and Maintenance	Cemetery	Forestry	Highway Improvement
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Rents	1,625	-	-	-
Interest earned	237	-	-	-
Sales	-	950	3,762	-
Other revenue	-	3,275	-	-
	<u>-</u>	<u>3,275</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>1,862</u>	<u>4,225</u>	<u>3,762</u>	<u>-</u>
EXPENDITURES:				
General government	19,715	3,394	-	-
Public works	-	-	-	33,832
Recreation and culture	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>19,715</u>	<u>3,394</u>	<u>-</u>	<u>33,832</u>
	<u>(17,853)</u>	<u>831</u>	<u>3,762</u>	<u>(33,832)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	35,000	-	-	-
	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	17,147	831	3,762	(33,832)
FUND BALANCE (DEFICIT) - APRIL 1, 2004	<u>23,639</u>	<u>7,589</u>	<u>28,350</u>	<u>53,048</u>
FUND BALANCE - MARCH 31, 2005	<u>\$40,786</u>	<u>\$8,420</u>	<u>\$32,112</u>	<u>\$19,216</u>

<u>Parks And Recreation</u>	<u>Street Light</u>	<u>TOTAL (memorandum only)</u>
\$ -	\$2,211	\$ 2,211
-	-	1,625
-	-	237
-	-	4,712
<u>3,968</u>	<u>-</u>	<u>7,243</u>
<u>3,968</u>	<u>2,211</u>	<u>16,028</u>
-	-	23,109
-	3,244	37,076
<u>5,030</u>	<u>-</u>	<u>5,030</u>
<u>5,030</u>	<u>3,244</u>	<u>65,215</u>
<u>(1,062)</u>	<u>(1,033)</u>	<u>(49,187)</u>
<u>30,000</u>	<u>-</u>	<u>65,000</u>
<u>30,000</u>	<u>-</u>	<u>65,000</u>
28,938	(1,033)	15,813
<u>(5,572)</u>	<u>7,945</u>	<u>114,999</u>
<u>\$23,366</u>	<u>\$6,912</u>	<u>\$130,812</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
BUILDING OPERATION AND MAINTENANCE FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUE:			
Rents	\$ 1,800	\$ 1,625	\$ (175)
Interest earned	<u>-</u>	<u>237</u>	<u>237</u>
TOTAL REVENUES	<u>1,800</u>	<u>1,862</u>	<u>62</u>
EXPENDITURES:			
Salaries and wages	3,000	3,004	(4)
Utilities	5,800	6,136	(336)
Repairs and maintenance	1,700	1,885	(185)
Snowplowing/lot repairs	1,000	650	350
Insurance	6,300	6,953	(653)
Capital outlay	900	893	7
Supplies	1,500	194	1,306
Miscellaneous	<u>250</u>	<u>-</u>	<u>250</u>
TOTAL EXPENDITURES	<u>20,450</u>	<u>19,715</u>	<u>735</u>
	(18,650)	(17,853)	797
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>35,000</u>	<u>35,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	16,350	17,147	797
FUND BALANCE - APRIL 1, 2004	<u>23,639</u>	<u>23,639</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$39,989</u>	<u>\$40,786</u>	<u>\$ 797</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
CEMETERY FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of lots	\$ 1,000	\$ 950	\$ (50)
Other revenue	<u>1,100</u>	<u>3,275</u>	<u>2,175</u>
TOTAL REVENUES	<u>2,100</u>	<u>4,225</u>	<u>2,125</u>
EXPENDITURES:			
Sexton	1,400	1,050	350
Salaries and wages	1,200	-	1,200
Repairs and maintenance	500	1,422	(922)
Supplies	50	-	50
Utilities	500	277	223
Miscellaneous	<u>250</u>	<u>645</u>	<u>(395)</u>
TOTAL EXPENDITURES	<u>3,900</u>	<u>3,394</u>	<u>506</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,800)	831	2,631
FUND BALANCE - APRIL 1, 2004	<u>7,589</u>	<u>7,589</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 5,789</u>	<u>\$8,420</u>	<u>\$2,631</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
FORESTRY FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of timber	\$ 3,000	\$ 3,762	\$ 762
EXPENDITURES	<u>15,000</u>	<u>-</u>	<u>15,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,000)	3,762	15,762
FUND BALANCE - APRIL 1, 2004	<u>28,350</u>	<u>28,350</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$16,350</u>	<u>\$32,112</u>	<u>\$15,762</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
HIGHWAY IMPROVEMENT FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:			
Road improvements and maintenance	21,276	33,597	(12,321)
Miscellaneous	<u>100</u>	<u>235</u>	<u>(135)</u>
TOTAL EXPENDITURES	<u>21,376</u>	<u>33,832</u>	<u>(12,456)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,376)	(33,832)	(12,456)
FUND BALANCE - APRIL 1, 2004	<u>53,048</u>	<u>53,048</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u><u>\$31,672</u></u>	<u><u>\$19,216</u></u>	<u><u>\$(12,456)</u></u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
PARKS AND RECREATION FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES			
Miscellaneous	<u>\$ 3,500</u>	<u>\$ 3,968</u>	<u>\$ 468</u>
TOTAL REVENUE	<u>3,500</u>	<u>3,968</u>	<u>468</u>
EXPENDITURES:			
Salaries and wages	1,900	1,824	76
Supplies	500	797	(297)
Repairs and maintenance	2,000	1,531	469
Utilities	600	470	130
Capital outlay	2,000	408	1,592
Miscellaneous	<u>250</u>	<u>-</u>	<u>250</u>
TOTAL EXPENDITURES	<u>7,250</u>	<u>5,030</u>	<u>2,220</u>
	(3,750)	(1,062)	2,688
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	26,250	28,938	2,688
FUND BALANCE (DEFICIT) - APRIL 1, 2004	<u>(5,572)</u>	<u>(5,572)</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$20,678</u>	<u>\$23,366</u>	<u>\$2,688</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
STREET LIGHT FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$3,400	\$2,211	\$(1,189)
EXPENDITURES:			
Utilities	<u>3,500</u>	<u>3,244</u>	<u>256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100)	(1,033)	(933)
FUND BALANCE - APRIL 1, 2004	<u>7,945</u>	<u>7,945</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u><u>\$7,845</u></u>	<u><u>\$6,912</u></u>	<u><u>\$(933)</u></u>

SULLIVAN TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
ALL AGENCY FUNDS
For the Year Ended March 31, 2005

	Balance <u>April 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2005</u>
<u>ASSETS</u>				
Cash - rent and other deposits	\$ 450	\$ 6,830	\$ 4,230	\$3,050
Cash - taxes	-	1,295,393	1,295,393	-
Due from other funds	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
	<u>\$2,450</u>	<u>\$1,302,223</u>	<u>\$1,299,623</u>	<u>\$5,050</u>
 <u>LIABILITIES</u>				
Accounts payable	\$2,000	\$ 7,410	\$ 5,410	\$4,000
Rent deposits	450	2,050	1,450	1,050
Due to other funds	-	64,776	64,776	-
Due to schools	-	536,268	536,268	-
Due to county	<u>-</u>	<u>691,719</u>	<u>691,719</u>	<u>-</u>
	<u>\$2,450</u>	<u>\$1,302,223</u>	<u>\$1,299,623</u>	<u>\$5,050</u>

RICHARD B. PARKER, CPA, PC
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Honorable Supervisor and Members
of the Township Board
Sullivan Township, Michigan

In planning and performing my audit of the general purpose financial statements of the Township of Sullivan, Muskegon County, Michigan, for the year ended March 31, 2005, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the Township of Sullivan's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

PRIOR COMMENTS AND RESOLUTIONS -

FINDING 1: During the fiscal year ended March 31, 2002 the Township received \$16,000 from various residents of Broton Road to pay a portion of the cost of paving. The paving project was completed during the current fiscal year by the Muskegon County Road Commission. The County Road Commission billed the Township \$14,000, which the Township paid, leaving an excess balance of \$2,000 in the Trust & Agency Fund. The excess balance was then transferred to the Highway Fund to be used for "general road" purposes.

RECOMMENDATION: The Township Board should decide the final disposition of the excess cash. The Board should decide if the excess cash should be refunded to the Broton Road residents, prorated on their payment to the Township or retained in the Highway Fund to be used for general road purposes in the Township. The Board's decision should be documented in the minutes.

RESOLUTION: Resolved in July, 2005.

FINDING 2: The Township has a deficit fund balance of \$5,572. in the Parks and Recreation Fund. The Township is required to file a deficit elimination plan with the Michigan Department of Treasury.

RECOMMENDATION: The Township should file a deficit elimination plan as soon as possible.

RESOLUTION: The Township filed a deficit elimination plan and at March 31, 2005 does not have a deficit fund balance in any fund.

FINDING 3: The Parks and Recreation Fund ended the fiscal year with a cash overdraft of \$5,572. in the Common Bank account which is considered to be an unauthorized interfund loan.

RECOMMENDATION: The Township should not allow an overdraft situation in the Common Bank account.

RESOLUTION: An overdraft situation is not present in any fund at March 31, 2005.

CURRENT YEAR COMMENT -

It was noted that the Township was charged approximately \$2,800 for management fees of its retirement plan. The Township contributed, on behalf of the covered employees, approximately \$4,100 to the plan. In addition, the covered employees contributed \$3,230 to the plan.

The management fees amount to approximately 38% of the total contribution to the plan and approximately 68% of the Township's contribution to the plan.

This report is intended solely for the information and use of the Township Board, management, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Richard B. Parker

Certified Public Accountant

January 12, 2007
Holton, Michigan